

STATE OF WISCONSIN  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF MANAGEMENT SERVICES  
BUREAU OF FISCAL SERVICES

ACCOUNTING POLICY

TOPIC: Contract Administration 3.0	EFFECTIVE DATE: 5/23/83
TITLE: Review of Contract Financial Provisions	REVISION DATE: 10/31/92
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**BACKGROUND**

During the normal course of operations, various divisions and units within divisions develop or negotiate contracts for aids, training or personal services with counties and other providers. Because contract administration and fund commitment through purchase orders has been delegated to divisions, controllership problems concerning contract provisions, effects on state cash flow, etc., usually do not surface until the first payment is scheduled to be made. Delays in payments and the potential of required renegotiation may result.

The following policy is established for contract review in order to assure that all financial provisions (prepayments, timeliness of reports, adequate processing times, audits, internal controls) are in order. Resolving these issues prior to payment processing will assist in expediting payments and assure proper funds handling.

**POLICY**

All aids, training and personal service contracts that meet one or more of the following criteria are to be reviewed by BFS-Preaudit Section prior to departmental signature (See **CONTRACT ADMINISTRATION 4.0** for payments made through the Community Aids Reporting System (CARS)).

1. Contracts which provide for an prepayment of funds rather than total reimbursements;
2. Any single contract for an amount in excess of \$100,000;
3. Any group of contracts, with uniform provisions concerning the same program or project, which in total exceed \$1 million.

**PROCEDURES**

1. For contracts that are negotiated with an individual provider or a group of providers, contract financial provisions are to be approved by BFS-Preaudit before such language is offered or accepted.

2. For contracts that are developed within the Department and are not subject to vendor negotiation, contract language is to be cleared through BFS-Preaudit before they are offered to the vendor.

#### **REFERENCES**

CONTRACT ADMINISTRATION 4.0 (Submission of Profiles, Contracts, Budget Documents and Expense Reports for the Bureau of Fiscal Services)

#### **CONTACT PERSON**

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